



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

PHIL BRYANT
State Auditor

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MERIDIAN COMMUNITY COLLEGE

Audited Financial Statements
For the Year Ended June 30, 2000

MERIDIAN COMMUNITY COLLEGE

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MERIDIAN COMMUNITY COLLEGE

FINANCIAL AUDIT REPORT

MERIDIAN COMMUNITY COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

November 7, 2000

Dr. Scott Elliott, President and Board of Trustees
Meridian Community College
Meridian, MS 39307

We have audited the general purpose financial statements of Meridian Community College as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of Meridian Community College's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Meridian Community College as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2000 on our consideration of Meridian Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

MERIDIAN COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

MERIDIAN COMMUNITY COLLEGE
Balance Sheet
June 30, 2000
(With Comparative Figures at June 30, 1999)

Exhibit A

ASSETS	Current Year	Prior Year	LIABILITIES AND FUND BALANCES	Current Year	Prior Year
Current Funds			Current Funds		
Current Unrestricted Funds:			Current Unrestricted Funds:		
Cash and other deposits (Note 5)	\$ 2,369,046	1,571,500	Accounts payable and accrued expenses	\$ 332,965	324,240
Accounts receivable:			Accrued leave (Note 3)	297,562	234,502
State appropriation		118,752	Deposits refundable	21,745	31,390
Students, less allowance of			Due to other funds	152,230	10,000
\$479,535 (2000) and			Fund balances:		
\$423,880 (1999)	90,190	73,979	Unallocated		
Other	390,580	214,853	General	3,088,665	2,126,712
Notes receivable	12,500	20,000	Designated	152,230	
Inventories	327,197	291,154	Auxiliary	416,552	359,189
Prepaid items and deferred charges	144,787	130,445			
Due from other funds	1,127,649	665,350			
Total Current Unrestricted Funds	<u>4,461,949</u>	<u>3,086,033</u>	Total Current Unrestricted Funds	<u>4,461,949</u>	<u>3,086,033</u>
Current Restricted Funds:			Current Restricted Funds:		
Cash and other deposits (Note 5)	381,636	198,225	Accounts payable and accrued expenses		6,820
Other accounts receivable	918,877	519,728	Accrued leave (Note 3)	24,508	27,116
			Due to other funds	914,364	519,728
			Deferred credits	291,326	97,813
			Fund balance:		
			Allocated	70,315	66,476
Total Current Restricted Funds	<u>1,300,513</u>	<u>717,953</u>	Total Current Restricted Funds	<u>1,300,513</u>	<u>717,953</u>
Total Current Funds	<u>\$ 5,762,462</u>	<u>3,803,986</u>	Total Current Funds	<u>\$ 5,762,462</u>	<u>3,803,986</u>
Loan Funds			Loan Funds		
Cash and other deposits (Note 5)	\$ 1,919	1,919	Fund balances:		
Notes receivable:			Federal	\$ 1,919	1,919
Federal student loans, less allowance of					
\$22,530 (2000) and					
\$22,530 (1999) (Note 6)	<u>0</u>	<u>0</u>			
Total Loan Funds	<u>\$ 1,919</u>	<u>1,919</u>	Total Loan Funds	<u>\$ 1,919</u>	<u>1,919</u>

Plant Funds			Plant Funds				
Cash and other deposits (Note 5)	\$	397,068	375,503	Due to other funds	\$	61,055	145,622
Accounts receivable - state appropriation			34,567	Notes payable (Note 7)		3,940,000	4,130,000
Other accounts receivable		24,823	15,997	Bonds payable (Note 7)		2,295,000	2,585,000
Due from other funds			10,000	Obligations under capital leases (Note 7)		14,193	
Land		228,479	228,479	Fund balances:			
Improvements other than buildings		2,354,316	2,354,316	Unexpended		1,295	1,298
Buildings		18,468,107	18,361,307	Retirement of indebtedness		359,541	289,147
Furniture, machinery and equipment		5,969,915	4,185,710	Net investment in plant		21,983,515	19,539,548
Books and films		1,119,818	1,097,436				
Assets under capital leases		16,195					
Construction in progress		<u>75,878</u>	<u>27,300</u>				
Total Plant Funds	\$	<u>28,654,599</u>	<u>26,690,615</u>	Total Plant Funds	\$	<u>28,654,599</u>	<u>26,690,615</u>
Agency Funds			Agency Funds				
Cash and other deposits (Note 5)	\$	106,837	104,669	Due to depositors	\$	119,889	128,676
Due from depositors		<u>13,052</u>	<u>24,007</u>				
Total Agency Funds	\$	<u>119,889</u>	<u>128,676</u>	Total Agency Funds	\$	<u>119,889</u>	<u>128,676</u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE
Statement of Changes in Fund Balances
For the Year Ended June 30, 2000

Exhibit B

	Current Funds			Loan Funds	Plant Funds		
	Unrestricted	Restricted	Total		Unexpended	Retirement of Indebtedness	Investment in Plant
Revenues and Other Additions							
Tuition and fees	\$ 3,101,183		3,101,183				
State appropriations	9,221,798	677,203	9,899,001		299,025		
Local appropriations	1,063,488	116,476	1,179,964			638,266	
Federal grants and contracts	18,691	3,857,814	3,876,505				
State grants and contracts	1,156,838	724,997	1,881,835				
Local grants and contracts		7,809	7,809				
Private gifts, grants & contracts	128,942	293,859	422,801				
Decrease in provision for accrued leave	242	2,608	2,850				
Investment income	150,802		150,802			12,312	
Additions to plant facilities							800,414
Retirement of indebtedness							482,002
Sales and services of educational activities	70,371	1,388	71,759				
Sales and services of auxiliary activities	2,275,526		2,275,526				
Other	155,188	13,877	169,065				
Total Rev. & Other Additions	<u>17,343,069</u>	<u>5,696,031</u>	<u>23,039,100</u>		<u>299,025</u>	<u>650,578</u>	<u>1,282,416</u>
Expenditures & Other Deductions							
Educational and general:							
Instruction	6,698,361	2,006,798	8,705,159				
Academic support	1,155,800	566,927	1,722,727				
Student services	1,781,764	376,449	2,158,213				
Institutional support	1,789,774	27,850	1,817,624				
Operation & maint. of plant	1,676,080		1,676,080				
Student aid	<u>420,722</u>	<u>3,011,728</u>	<u>3,432,450</u>				
Total Educational and General	13,522,501	5,989,752	19,512,253				
Auxiliary	1,931,466	34,100	1,965,566				
Repairs and maintenance					133,173		
Expended for plant facilities					165,852		
Plant assets sold or retired							436,606
Retirement of indebtedness						482,002	
Interest on indebtedness						359,049	
Long-term debt incurred							16,195
Provision for uncollectible accts.	55,655		55,655				
Provision for accrued leave	63,302		63,302				
Other						6,075	
Total Expenditures and Other Deductions	<u>15,572,924</u>	<u>6,023,852</u>	<u>21,596,776</u>		<u>299,025</u>	<u>847,126</u>	<u>452,801</u>

Transfers - Additions (Deductions)

Mandatory:

Principal and interest	(266,939)		(266,939)		266,939
Restricted fund matching	<u>(331,660)</u>	<u>331,660</u>	<u>(266,939)</u>		<u>266,939</u>
Total Mandatory	<u>(598,599)</u>	<u>331,660</u>	<u>(266,939)</u>		<u>266,939</u>

Other:

Other				(3)	3
Total Other				<u>(3)</u>	<u>3</u>

Total Transfers	<u>(598,599)</u>	<u>331,660</u>	<u>(266,939)</u>	<u>(3)</u>	<u>266,942</u>
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Net Increase (Decr.) for Year	<u>1,171,546</u>	<u>3,839</u>	<u>1,175,385</u>	<u>(3)</u>	<u>70,394</u>	<u>829,615</u>
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Fund Balance at Beg. of Year						
As Previously Reported	2,485,901	66,476	2,552,377	1,919	1,298	19,539,548
Prior Period Adjustment (Note 4)						<u>1,614,352</u>
Restated	<u>2,485,901</u>	<u>66,476</u>	<u>2,552,377</u>	<u>1,919</u>	<u>1,298</u>	<u>21,153,900</u>

Fund Balance at End of Year	<u>\$ 3,657,447</u>	<u>70,315</u>	<u>3,727,762</u>	<u>1,919</u>	<u>1,295</u>	<u>359,541</u>	<u>21,983,515</u>
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See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE

Exhibit C

Statement of Current Fund Revenues, Expenditures and Other Changes

For the Year Ended June 30, 2000

(With Comparative Figures for the Year Ended June 30, 1999)

	Current			Prior Year
	Unrestricted	Restricted	Total	Total
Revenues and Other Additions				
Tuition and fees	\$ 3,101,183		3,101,183	2,859,360
State appropriations	9,221,798	677,203	9,899,001	9,073,400
Local appropriations	1,063,488	116,476	1,179,964	1,093,742
Federal grants and contracts	18,691	3,857,814	3,876,505	3,524,322
State grants and contracts	1,156,838	721,158	1,877,996	1,946,739
Local grants and contracts		7,809	7,809	4,462
Private gifts, grants and contracts	128,942	293,859	422,801	248,551
Decrease in provision for accrued leave	242	2,608	2,850	
Investment income	150,802		150,802	104,650
Sales and services of educational activities	70,371	1,388	71,759	100,298
Sales and services of auxiliary activities	2,275,526		2,275,526	2,264,685
Other	155,188	13,877	169,065	168,036
Total Revenues and Other Additions	17,343,069	5,692,192	23,035,261	21,388,245
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	6,698,361	2,006,798	8,705,159	8,191,758
Academic support	1,155,800	566,927	1,722,727	1,604,790
Student services	1,781,764	376,449	2,158,213	2,481,462
Institutional support	1,789,774	27,850	1,817,624	1,632,821
Oper. & maintenance of plant	1,676,080		1,676,080	1,564,661
Student aid	420,722	3,011,728	3,432,450	3,079,433
Total Educational and General Expenditures	13,522,501	5,989,752	19,512,253	18,554,925
Mandatory transfers:				
Principal and interest				
Restricted fund matching	331,660	(331,660)		
Total Educational and General	13,854,161	5,658,092	19,512,253	18,554,925

	<u>Current</u>			<u>Prior Year</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Total</u>
Auxiliary enterprises:				
Expenditures	1,931,466	34,100	1,965,566	1,986,946
Mandatory transfers:				
Principal and interest	<u>266,939</u>		<u>266,939</u>	<u>162,275</u>
Total Auxiliary Enterprises	<u>2,198,405</u>	<u>34,100</u>	<u>2,232,505</u>	<u>2,149,221</u>
 Total Expenditures and Mandatory Transfers	 <u>16,052,566</u>	 <u>5,692,192</u>	 <u>21,744,758</u>	 <u>20,704,146</u>
 Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		3,839	3,839	11,017
Other				(21,653)
Provision for uncollectible accounts	(55,655)		(55,655)	(106,422)
Provision for accrued leave	<u>(63,302)</u>		<u>(63,302)</u>	<u>(31,059)</u>
Total Other Transfers - Additions (Deductions)	<u>(118,957)</u>	<u>3,839</u>	<u>(115,118)</u>	<u>(148,117)</u>
 Net Change in Fund Balance	 \$ <u><u>1,171,546</u></u>	 <u><u>3,839</u></u>	 <u><u>1,175,385</u></u>	 <u><u>535,982</u></u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

MERIDIAN COMMUNITY COLLEGE

Summary of Significant Accounting Policies For the Year Ended June 30, 2000

The significant accounting policies followed by Meridian Community College are described below to enhance the usefulness of the financial statements to the reader.

(1) Basis of Accounting.

Meridian Community College uses the accounting system set out in the "Accounting Manual for Mississippi's Public Junior Colleges." This manual conforms in most respects with the principles set forth in the "Financial and Reporting Manual for Higher Education" issued by the National Association of College and University Business Officers (NACUBO) and the Industry Audit Guide, "Audits of Colleges and Universities" issued by the American Institute of Certified Public Accountants, while acknowledging the goals and activities of Mississippi's public community colleges.

The accompanying financial statements have been prepared generally on the accrual basis with the following exceptions, which are common practices in colleges and universities:

- A. Depreciation on physical plant and equipment has not been provided.
- B. To the extent that Current Funds are used to finance plant assets, the amounts so provided are accounted for as (a) expenditures, in the case of normal acquisition and/or replacement of moveable equipment and library books; (b) mandatory transfers, in the case of required provisions for debt amortization and interest, and equipment renewals and replacements; and (c) transfers of a nonmandatory nature for all other cases.
- C. Interest expense on debt is recorded when paid.

Gifts, grants and pledges are generally recorded when received or when billable.

Investments are recorded at cost if purchased or if acquired by gift at fair market value at the time of donation.

Property, buildings and equipment are stated at cost at the date of acquisition or fair market value at date of donation. Improvements made as part of repair and renovation projects are capitalized based upon institution estimates which approximate cost. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the institution, are capitalized.

Merchandise for resale inventories and consumable supply inventories are stated at cost, with cost being determined principally by the first-in, first-out method.

All revenues and related expenditures incurred in connection with summer sessions are reported within the fiscal year in which the summer sessions are predominantly conducted.

(2) Fund Accounting.

In order to insure observance of limitations and restrictions placed on the use of the resources available, the accounts of the institution are maintained in accordance with the principles of "fund accounting". This accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The Current Funds are used primarily to account for transactions which are expended in performing the primary and support objectives of the institution.

MERIDIAN COMMUNITY COLLEGE

Summary of Significant Accounting Policies For the Year Ended June 30, 2000

Current Funds consist of the following:

- A. The Unrestricted Fund which is used to account for:
 - 1. The appropriated budget as approved by the Mississippi State Legislature and the Board of Trustees of Meridian Community College.
 - 2. The unrestricted resources designated for specific purposes by the institution's administration.
 - 3. The transactions of substantially self-supporting activities that primarily provide services for students, faculty and staff.
- B. The Restricted Fund which is used to account for Current Funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Other funds consist of the following:

- A. The Loan Funds are used to account for loans to students. Resources to provide loans are derived primarily from the federal government. Provisions of the federal loan program stipulate that:
 - 1. The institution's matching share is one-third of the federal contributions.
 - 2. A portion of the loan principal and interest (maximum of 30% per year) will be canceled and absorbed by the federal government, if the recipient completes certain employment requirements.
- B. The Plant Funds which are used to account for the transactions relating to institution physical properties include:
 - 1. The Unexpended Plant Fund which is comprised of amounts which have been appropriated or designated for the purchase of institution physical properties or the repair and maintenance of such physical properties.
 - 2. The Retirement of Indebtedness Plant Fund which represents resources held for the retirement of and interest on debt and includes sinking funds established under bond indentures and note and lease amortization payments accumulated, but not yet due.
 - 3. The Investment in Plant Fund which represents the total physical properties in service by the institution and all construction in progress as well as any associated liabilities.
- D. Agency Funds account for assets held by the institution as custodian or fiscal agent for others. Consequently, the transactions of this fund do not affect the statement of changes in fund balances.

MERIDIAN COMMUNITY COLLEGE

Notes to Financial Statements For the Year Ended June 30, 2000

(1) Financial Reporting Entity.

In accordance with Governmental Accounting Standards Board Statement Number 14, the Meridian Community College Public Improvement Corporation (the "Corporation") is deemed a component unit of the institution and is included as a blended component unit in the general purpose financial statements.

The Corporation is a nonprofit corporation incorporated in the state of Mississippi with the approval of the Board of Trustees of Meridian Community College. The purpose of the corporation is for the construction and financing of Meridian Community College student apartments.

(2) Appropriations - General Operations.

Meridian Community College receives funds from the state of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the state of Mississippi. In addition, the institution receives funds from taxes levied by Lauderdale County and the City of Meridian for general support, maintenance and capital improvement.

(3) Accrued Leave.

Twelve-month employees earn annual personal leave at a rate of ten days per year for less than ten years of service; 12 days per year for ten to 14 years of service; 14 days per year for 15 to 19 years and 16 days per year for 20 years of service. There is no requirement that annual leave be taken. At termination, these employees are paid for up to 30 days of accumulated annual leave. The liability for accrued leave at June 30, 2000 as reported in the Current Funds was \$322,070.

(4) Prior Period Adjustments.

For the year ended June 30, 2000, the institution recorded prior period adjustments which consisted of the following addition to the Investment in Plant Fund balance:

<u>Explanation</u>	<u>Addition</u>
<u>Investment in Plant Fund</u>	
To record vocational equipment transferred from Department of Education	\$ <u><u>1,614,352</u></u>

(5) Cash and Other Deposits.

For financial statement purposes, cash and other deposits are represented by demand accounts and time deposits such as savings accounts, certificates of deposit and money market funds. Also included in this account are the Public Improvement Corporation's cash accounts and imprest cash accounts held by the institution. The carrying amount of the institution's cash and other deposits at June 30, 2000, was \$3,256,506 and the depository balance was \$3,795,526. The carrying amount and the depository balance of Public Improvement Corporation's cash and other deposits at June 30, 2000, was \$83,731, which is included in the amounts above. The portion of such depository balances covered by federal depository insurance or by collateral held by the institution or its agent was \$259,205. The amount of \$3,414,159 was collateralized with securities held by a pledging financial institution's trust department or agent in the institution's name, and \$38,431 was uninsured or uncollateralized.

MERIDIAN COMMUNITY COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 2000

(6) Notes Receivable From Students.

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to 12 months from the date of separation from the institution. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the institution at June 30, 2000:

	Interest Rates	Unpaid Balance June 30, 2000
Perkins student loans	3%	\$ 22,530
Total Notes Receivable		<u>22,530</u>
Less: Allowance for Doubtful Accounts		<u>22,530</u>
Net Notes Receivable		\$ <u><u>0</u></u>

(7) Long-term Debt.

The institution has long-term obligations of the following:

Description and Purpose	Original Issue	Annual Interest Rate	Maturity Date	Amount Owed at June 30, 2000
A. Bonded Debt.				
General Obligation Bonds:				
Limited-tax school bonds, Series 1988	\$ 2,000,000	6.3%-9%	2003	\$ 585,000
Limited-tax school bonds, Series 1994	2,250,000	5.1%-6.5%	2009	1,710,000
Total Bonded Debt	<u>\$ 4,250,000</u>			<u>\$ 2,295,000</u>
B. Notes.				
Educational facilities notes, Series 1991	\$ 1,300,000	5%-6.6%	2006	\$ 765,000
Student housing facility refunding project note, dated 7/1/98	3,280,000	4%-5.5%	2018	3,175,000
Total Notes	<u>\$ 4,580,000</u>			<u>\$ 3,940,000</u>

MERIDIAN COMMUNITY COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 2000

Description and Purpose	Original Issue	Annual Interest Rate	Maturity Date	Amount Owed at June 30, 2000
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C. Capital Lease.

Kodak copier lease	\$	16,195	10%	2005	\$	14,193
Total Capital Lease	\$	<u>16,195</u>			\$	<u>14,193</u>

Annual requirements to amortize outstanding long-term debt are as follows:

Year Ending June 30	Total	Bonds	Notes	Leases
2001	\$ 840,210	437,801	398,207	4,202
2002	839,230	437,191	397,837	4,202
2003	837,004	440,755	392,047	4,202
2004	617,059	217,470	395,387	4,202
2005	616,916	218,726	397,607	583
Later years	<u>4,952,792</u>	<u>1,093,852</u>	<u>3,858,940</u>	
Total	8,703,211	2,845,795	5,840,025	17,391
Less: Amounts Representing Interest	<u>2,454,018</u>	<u>550,795</u>	<u>1,900,025</u>	<u>3,198</u>
Total at Present Value	\$ <u>6,249,193</u>	<u>2,295,000</u>	<u>3,940,000</u>	<u>14,193</u>

(8) Operating Leases.

Leased property under operating leases is composed of a computer software lease with MLC Group, Inc. The following is a schedule by years of the future minimum rental payments required under those operating leases:

Year Ending June 30	Amount
2001	\$ 57,303
2002	57,303
2003	57,303
2004	<u>57,303</u>
Total Minimum Payments Required	\$ <u>229,212</u>

The total rental expense for all operating leases for the fiscal year ending June 30, 2000, was \$57,303.

MERIDIAN COMMUNITY COLLEGE

Notes to Financial Statements For the Year Ended June 30, 2000

(9) Construction Commitments and Financing.

The institution has contracted for the construction of the following:

<u>Project</u>	<u>Cost to Complete</u>
State Funds	
Ivy Hall Renovation Phase IV	\$ <u>1,719,530</u>
Total	\$ <u><u>1,719,530</u></u>

(10) Pension Plan.

Plan Description. The institution contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the institution is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. The institution's contributions to PERS for the years ending June 30, 2000, 1999 and 1998 were \$957,980, \$915,293 and \$873,806, respectively, equal to the required contributions for each year.

(11) Foundation.

Meridian Community College Foundation, Inc. is an independent corporation formed for the purpose of receiving funds for the sole benefit of the institution. Following is a summary of the foundation's financial position at June 30, 2000, which amounts are not included in the financial statements of the institution:

<u>Assets</u>	<u>Amount</u>
Cash and investments	\$ 80,050
Investments	6,199,292
Accounts receivable	4,406
Land	121,652
Equipment	6,746
Other assets	28,097
Construction in progress	<u>72,537</u>
Total Assets	\$ <u><u>6,512,780</u></u>

MERIDIAN COMMUNITY COLLEGE

Notes to Financial Statements
For the Year Ended June 30, 2000

Liabilities and Fund Balances

Accounts payable	\$	8,045
Annuity liability		151,601
Notes payable-mortgage (home building trades)		50,000
Fund balances:		
Unrestricted		216,427
Restricted		<u>6,086,707</u>
Total Liabilities and Fund Balances	\$	<u><u>6,512,780</u></u>

(12) Prior-Year Defeasance of Debt.

In prior years, Meridian Community College defeased certain certificates of participation by placing the proceeds of the new notes in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the college's financial statements. At June 30, 2000, \$3,175,000 of certificates outstanding are considered defeased.

MERIDIAN COMMUNITY COLLEGE

SUPPLEMENTAL INFORMATION

MERIDIAN COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Student Financial Aid - Cluster:			
U.S. Department of Education:			
Federal PELL Grant Program	84.063	\$	2,702,858
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007		48,695
Federal Family Education Loan Program (FFEL)	(1) 84.032		902,600
Federal Work-study Program (FWS)	84.033		144,507
Pass-through programs from:			
Board of Trustees of the Institutions of Higher Learning - Leveraging Educational Assistance Partnership (Leap)	84.069		<u>2,065</u>
Total U.S. Department of Education			<u>3,800,725</u>
Veterans' Benefits Administration:			
Veterans' Aid Administration Cost	64.UNKNOWN		<u>1,256</u>
Total Veterans' Benefits Administration			<u>1,256</u>
Total Student Financial Aid			<u>3,801,981</u>
Other Programs:			
U.S. Department of Education:			
Pass-through programs from:			
State Department of Education - Adult Education - State Grant Program	84.002		241,984
State Department of Education - Vocational Education Basic Grant	84.048	EV048A990024	145,001
State Department of Education - Tech-Prep Education	84.243	EV048A980095	<u>96,668</u>
Total U. S. Department of Education			<u>483,653</u>
U.S. Department of Agriculture:			
Pass-through program from:			
Mississippi Community College Foundation - Mississippi Rural Health Corp. Program Cooperative Extension Service	10.500		<u>115,228</u>
Total U.S. Department of Agriculture			<u>115,228</u>
Small Business Administration:			
Pass-through program from:			
University of Mississippi - Small Business Development Center	59.037		<u>36,025</u>
Total Small Business Administration			<u>36,025</u>

MERIDIAN COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Defense:			
Pass-through program from:			
Procurement Technical Assistance for Business Firms	12.002		<u>41,976</u>
Total U.S. Department of Defense			<u>41,976</u>
U.S. Department of Labor:			
Pass-through programs from:			
State Department of Education - Job Training Partnership			
Mississippi Employment Security Commission -			
Individual Referrals	17.250		39,438
State Department of Education - JTPA -Title IIA	17.250		125,149
State Department of Education - School to Career Grant	17.249		<u>77,503</u>
Total U.S. Department of Labor			<u>242,090</u>
U.S. Department of Health and Human Services:			
Pass-through program from:			
Maternal and Child Health Services Block Grant to States	93.994		<u>25,000</u>
Total U.S. Department of Health and Human Services			<u>25,000</u>
U.S. Department of Justice:			
Pass-through program from:			
Public Safety Partnership and Community Policing Grants	16.71		<u>15,062</u>
Total U.S. Department of Justice			<u>15,062</u>
National Aeronautics and Space Administration:			
Pass-through program from:			
University of Mississippi	43.001		<u>4,460</u>
Total National Aeronautics and Space Administration			<u>4,460</u>
Total Other Programs			<u>963,494</u>
Total Expenditures of Federal Awards			\$ <u><u>4,765,475</u></u>

Notes to Schedule of Expenditures of Federal Awards

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the general purpose financial statements, with the following exceptions:

(1) For purposes of this schedule, loans made to students under the Federal Family Educational Loan Program (CFDA #84.032) are presented as federal expenditures. Neither the funds advanced to students, nor the outstanding loan balance is included in the financial statements since the loans are made and subsequently collected by federal lending institutions. The outstanding loan balances and allowance for uncollectible amounts for the loan program at June 30, 2000 are reflected in Note (6) to the financial statements.

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MERIDIAN COMMUNITY COLLEGE

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 7, 2000

Dr. Scott Elliott, President and Board of Trustees
Meridian Community College
Meridian, MS 39307

We have audited the general purpose financial statements of Meridian Community College as of and for the year ended June 30, 2000, and have issued our report thereon dated November 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the institution's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the institution in a separate letter dated November 7, 2000, which is included in this report.

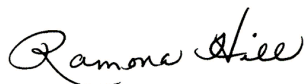
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the institution's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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PHIL BRYANT
State Auditor

A handwritten signature in black ink, appearing to read "Ramona Hill". The signature is cursive and elegant, with the first name "Ramona" and last name "Hill" clearly distinguishable.

RAMONA HILL, CPA
Director, Financial and Compliance Audit Division



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 7, 2000

Dr. Scott Elliott, President and Board of Trustees
Meridian Community College
Meridian, MS 39307

Compliance

We have audited the compliance of Meridian Community College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. The institution's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the institution's management. Our responsibility is to express an opinion on the institution's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the institution's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the institution's compliance with those requirements.

In our opinion, Meridian Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

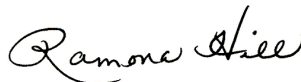
The management of Meridian Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the institution's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PHIL BRYANT
State Auditor



RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

MERIDIAN COMMUNITY COLLEGE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

November 7, 2000

Dr. Scott Elliott, President and Board of Trustees
Meridian Community College
Meridian, MS 39307

We have audited the general purpose financial statements of Meridian Community College as of and for the year ended June 30, 2000, and have issued our report thereon dated November 7, 2000. We conducted our audit in accordance with generally accepted auditing standards.

We have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed the following immaterial instance of noncompliance with state laws and regulations. Our finding and recommendation and your response are as follows:

Finding

Our test of collateralization revealed that the depository balance at Great Southern National Bank on June 30, 2000 was not adequately collateralized in the amount of \$40,353. Section 27-105-5, Miss. Code Ann. (1972) requires college funds to be adequately secured in an amount equal to 105% of the maximum sum to be placed on deposit at any one time exclusive of that portion insured by federal insurance.

Recommendation

We recommend that the institution have procedures in place to insure that all institution deposits are fully collateralized as required by state law.

Response

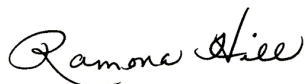
We will take action to insure that adequate collateral is maintained for all cash on deposit at the financial institution.

The Office of the State Auditor will review, on the subsequent year's audit engagement, the finding in this report to insure that corrective action has been taken.

This report is intended solely for the information and use of management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Phil Bryant". The signature is fluid and cursive, with the first name "Phil" and last name "Bryant" clearly distinguishable.

PHIL BRYANT
State Auditor

A handwritten signature in black ink, appearing to read "Ramona Hill". The signature is cursive, with "Ramona" and "Hill" written in a flowing script.

RAMONA HILL, CPA
Director, Financial and Compliance Audit Division

MERIDIAN COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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MERIDIAN COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2000

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the general purpose financial statements: | Unqualified |
| 2. | Material noncompliance relating to the general purpose financial statements? | No |
| 3. | Internal control over financial reporting: | |
| a. | Material weakness(es) identified? | No |
| b. | Reportable condition(s) identified that are not considered to be material weaknesses? | No |

Federal Awards:

- | | | |
|-----|---|-------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| a. | Material weakness(es) identified? | No |
| b. | Reportable condition(s) identified that are not considered to be material weaknesses? | No |
| 6. | Any audit finding(s) reported as required by Section ___.510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| a. | Student financial aid cluster:
CFDA #: 84.063
CFDA #: 84.007
CFDA #: 84.032
CFDA #: 84.033
CFDA #: 84.069
CFDA #: 64.UNKNOWN | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | Yes |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section _____.315(b) of OMB Circular A-133? | No |

MERIDIAN COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2000

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by Government Auditing Standards.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.